

**FY 2008 PERFORMANCE EVALUATION REPORT (PER)  
OCTOBER 1, 2007, THROUGH SEPTEMBER 30, 2008  
CONTRACT NUMBER DE-AC52-06NA25946  
NATIONAL SECURITY TECHNOLOGIES, LLC**

**I. EXECUTIVE SUMMARY**

This Award Fee Report includes an assessment of National Security Technologies, LLC's (NSTec) overall performance, responsiveness, senior management involvement, partnerships and teamwork in support of the National Nuclear Security Administration (NNSA) Nevada Site Office (NSO) Strategic Initiatives and site priorities against sixteen Performance Based Incentives (PBI) and fourteen Performance Objectives (POs) identified in the Fiscal Year 2008 (FY 2008) Performance Evaluation Plan (PEP). Based on the identified need to improve the Performance Evaluation Process to better drive performance necessary to achieve NNSA goals and to properly account for the large performance money at stake, the structure of the PEP was modified this year. The individual site PEPs are now a combination of base, stretch and multi-site performance measures.

The conceptual framework of the FY2008 PEPs consists of:

- A PEPs that reflects "a more demanding customer";
- A proactive role for HQ in partnership with the Site Offices; and
- A uniform approach among NNSA HQ organizations and site offices (within the constraints of each site's contract).

The desired outcomes of this new PEP structure include:

- M&O behavior that is more performance oriented with balanced risk management;
- Achievement of NNSA "demanding customer" expectations of "base" and "above base" or "stretch" performance by the M&Os;
- Full performance of the M&Os in terms of mission, operations and business;
- Deployment of the contractor assurance system (CAS) by the M&Os; and
- Financial rewards to the M&Os commensurate with the level of performance.

Definition of Performance Measures:

- **Base**
  - Level 1 and level 2 milestones contained in the FY 2008 Program Implementation Plans (PIPs) or those measures that lend themselves to the overall accomplishment of Level 1 and 2 milestones.

- **Stretch:**
  - Above and beyond that of level 1 and level 2 milestones in the PIPs and “TOP 10”.
  - Cost avoidance, cost savings, below budget, ahead of schedule, more cost effectiveness and efficiency
  
- **Multi-Site:** Performance objectives that apply to multiple sites and the reward is based on multi-site performance. These measures will be evaluated on an “all-or none” basis.

Performance Measure Category Breakout Values:

- Base Fee = 60%
- Stretch Fee = 30%
- Multi-Site Fee = 10%

Fee under this PEP is earned commensurate with performance as measured by the aggregate percentage of success in achieving the base performance targets as a category and then the stretch performance targets as a category. In order to be eligible to earn any of the stretch pool fee at risk, the base performance must be at least 85% or higher in each performance category (Mission, Operations, Management), irrespective of performance against the stretch performance measures.

Overall, NSTec’s performance during this evaluation period was deemed to be “Outstanding” in all three of the fee categories (Base, Stretch, and Multi-Site). Key highlights for the year include recovery of significant cost and schedule issues associated with the Critical Experiments Facility line item project; transition of all key NTS nuclear and non-nuclear facilities to NSTec management without any impact to programmatic work; design, construction, and authorization of operations of a nuclear facility (Visual Examination and Repackaging Building) within a single year; reduction of overall indirect costs by approximately \$15.0 M while meeting all major programmatic commitments; acquisition of both ISO 9001 and 14001 certifications; achieving significant growth in various Work-for-Others programs, often resulting in real-time support to critical national security and intelligence operations; and completion of the B-3 Building renovation line item project ahead of schedule and under budget, to name a few. It is significant to note that these accomplishments were achieved without any major safety or security issues. However, as with any contract, there are areas where attention by NSTec’s senior management will be needed to improve their general management performance in FY2009.

## II. BASE PERFORMANCE MEASURES

### A. MISSION BASE

<b>PBI</b>	<b>MIS08I-01</b>	<b>Campaigns/DSW Level 1 &amp; 2 Milestones</b>	<b>Met</b>
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<b>PBI</b>	<b>MIS08I-03</b>	<b>DAF Programmatic Activities</b>	<b>Met</b>
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<b>MIS08A-04</b>	<b>National Security Response Program</b>		
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#### Introduction

The intent of this performance measure was to measure the ability of NSTec to respond to radiological emergencies with the emergency response assets located at RSL-Andrews and RSL-Nellis. NSTec has significantly exceeded expectations as demonstrated by their outstanding success in a number of deployments to radiological incidents and to several major exercises. Aviation personnel have also been recognized with National awards which reflect well on the programs and on NNSA/NSO.

#### Achievements

There are two ways of judging readiness: (1) how effective are the support activities such as exercise support, equipment development, and readiness metrics, and (2) how well do they deploy to actual emergencies. The NSTec assets have consistently shown a readiness posture that is acceptable to headquarters and they are quick to react to temporary situation that lower the readiness grade. Their success in deployments to both field incidents and exercises is a mark of the health and success of the national emergency response programs.

A number of deployments to real or potential radiological incidents deserve mention:

- Olympic support to Beijing, China. A team of three scientists were sent to the U.S. Embassy in Beijing at the request of the U.S. Department of State through NA-42.
- The Emergency Communication Network stood up their Network Operations Center (NOC) for support to the Strategic Petroleum Reserve during Hurricane Gustav.
- The Consequence Management Home Team supported the response to a spill of Pu at the National Institute of Standards and Technology (NIST) in Colorado.
- Las Vegas Metro received support during the New Year's Eve celebration in Las Vegas.

The response of the FRMAC asset to the National exercise TOPOFF 4 in Portland, OR, received accolades for the quality of their response. A complimentary letter from the local responders was acknowledged by NA-1 as indicative of the improvement of federal response to the states and locals during an emergency.

The NSTec Quality Assurance Coordinator of the RSL Aviation Program received both the DOE John Cooley Memorial Award and the GSA's Federal Aviation Professional Award for Operational Support in aviation.

**Areas Requiring Improvement**

None Identified.

<b>PBI</b>	<b>MIS08I-06</b>	<b>Nonproliferation Test &amp; Evaluation</b>	<b>Met</b>
<b>PBI</b>	<b>MIS08I-07</b>	<b>Criticality Experiments Facility</b>	<b>Met</b>
<b>PBI</b>	<b>MIS08I-09</b>	<b>Completion of FFACO Milestones in ERP</b>	<b>93.3%</b>
<b>PBI</b>	<b>MIS08I-11</b>	<b>TRU Project – Drums &amp; Oversize Boxes Targets 1-3</b>	<b>Met</b>
		<b>TRU Project – Drums &amp; Oversize Boxes Target 4</b>	<b>80%</b>
<b>PBI</b>	<b>MIS08I-37</b>	<b>Facility Transition</b>	<b>Met</b>

**B. OPERATIONS BASE**

<b>PBI</b>	<b>OPS08I-12</b>	<b>Facilities &amp; Infrastructure</b>	<b>Met</b>
	<b>OPS08A-14</b>	<b>Energy Efficiency</b>	<b>Moved to OPS08-12</b>
<b>PBI</b>	<b>OPS08I-15</b>	<b>Project Management – Targets 15.01, 15.02, 15.03A&amp;C</b>	<b>Met</b>
		<b>Project Management – Target 15.03B</b>	<b>Not Met</b>
	<b>OPS08A-16</b>	<b>Construction Management &amp; Engineering</b>	

**Introduction**

NSTec has a highly qualified project management and engineering organization that is fully capable of providing the Nevada Site Office with excellent support for the design and construction of infrastructure projects. They demonstrated this capability well, especially for the larger projects and in their outstanding management of the FIRP program. However, some smaller projects that were not identified as needing project management had results that were less than satisfactory.

**Achievements**

16.01 Construction Projects

- Line Item projects were managed in an outstanding manner. B-3 was delivered on time and under budget and exceeded performance specifications with the achievement of a LEED silver rating. The Mercury Highway Request for Proposal (RFP) was well developed and the construction subcontract was awarded months ahead of schedule significantly below the budget. The Fire Stations RFP received an excellent response. The NSTec Project Teams demonstrated a can-do attitude and provided excellent customer service.
- Work for Others projects were satisfactorily supported. The Yucca Lake Airfield additional work was identified, designed and executed. Supporting the restart of the RNCTEC project was especially challenging due to labor issues and NSTec senior management ensured that the complex labor issues were properly addressed. Plans were provided for the CTIWP project and support extended to both RNCTEC and CTWIP.

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- The FIRP Program and Security Projects were well managed by NSTec. NSTec worked closely with NSO to review all ongoing project costs. A major revision was made to the TYSP which met all requirements. Year end financial data was reviewed and reconciled; the final FY09 work authorization and cost plan was forwarded to HQ. Of special note is that NSTec accelerated the delivery for long lead electrical equipment to meet the deadline of expending over a million dollars more in FY08.

#### 16.02 A/E Standard

- NSTec completed their PO target of establishing and operating an A/E Standards Program on schedule. There are five deliverables associated with this PO. NSTec was outstanding in the development of their new company-standard manual. NSTec included A/E Codes; and Standards of Record as well as Master Guide Specifications and Drafting Standards. This program provides excellent guidance to their design processes for design criteria, standard drawings, details, specifications and lessons learned.

#### 16.03 Engineering Deliverables

- NSTec has met this PO target of improving the quality of engineering deliverables, which includes decreased turnaround time, decreased over-engineering, improved accuracy in field work, and improved customer satisfaction. NSTec significantly increased customer satisfaction by working closely with construction personnel at the site. Engineering meets with construction and/or maintenance to discuss the constructability of their design prior to issuing the final plans and specifications. Having the engineers at the site has greatly reduced the turnaround time for material submittals and decreased the number of Design Change Requests. In one instance, Engineering was innovative and proposed a standard design that required only the replacement of the inner concrete section instead of the entire pad. This resulted in 100 man-hours of engineering savings. Standard details were applied to the Fire Station Project for a savings of 440 man-hours and the Mercury Cafeteria Boiler Replacement Project for a savings of 280 man-hours.

#### 16.04 Configuration Management

- NSTec met this PO target of implementing and expanding their Facilities and Infrastructure (F&I) Configuration Management System to support improved planning, operations, and maintenance for NLV and NTS facilities. NSTec accomplished this PO by establishing seven Infrastructure Configuration Management Boards for Roads, Power, Sewer, Water, Communications, Land and Facilities. NSTec has done an outstanding job of identifying and tagging 1,307 Configuration Management drawings in the NSTec OPTIX document management system.

#### 16.05 Work Control Manual

- NSTec did an outstanding job of completing this PO target of eliminating conflicts between NSTec Work Control Manual and all legacy documents. NSTec revised the Integrated Work Control Manual (IWCM) and converted the document to the IWCP Core Company Document (CCD) required per the FY08 NSO QA performance requirement. NSTec formally transmitted the approved NSTec IWCP manual to the other NTS contactors (e.g. National Weapons Laboratories, WSI, etc.) on schedule. NSTec conducted 22 orientation sessions and

over 1,030 individuals attended. Attendees included personnel from Nevada Site Office (NSO), NSTec, WSI, and the National Weapons Laboratories (NWL). Also, the NSTec IWCP briefing was videotaped and DVDs were sent to the other NSTec locations (e.g. RSL/Andrews, Livermore, Los Alamos, and Santa Barbara) to maximize the initial exposure of NSTec personnel to IWCP.

**Areas Requiring Improvement**

During FY08, three projects had results that were less than satisfactory. Customer expectations for the P300 fence were not managed and the customer was provided with an unapproved cost estimate. A Lessons Learned report has been written. A scope/budget gap and path forward for the new E-85 Station was not identified in a timely manner. The repair of the Buffalo Blower in Mercury Cafeteria was put on hold due to funding concerns and expensive parts were put into storage for more than a year. Cost to complete estimates varied significantly which delayed repairs, risking the use of the main Cafeteria in Mercury. Although corrective action for all of these issues has now been determined, NSTec should look at its procedures to avoid future problems.

<b>PBI</b>	<b>OPS08I-17</b>	<b>Construction Management &amp; Engineering</b>	<b>Met</b>
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<b>PBI</b>	<b>OPS08I-18</b>	<b>Emergency Management</b>	<b>Met</b>
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<b>OPS08A-19</b>	<b>Integrated Safety Management</b>
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**Introduction**

In FY08, NSTec exceeded the standard of performance for developing an integrated enterprise-wide set of behaviors that resulted in continuous improvement in the areas of safety, health, and environmental protection. In addition, NSTec developed and implemented a variety of management systems that utilize the guiding principles and core functions of Integrated Safety Management and incorporated internal and external lessons learned and corporate operating experience that resulted in improved work planning and execution. All other significant requirements are performed at the satisfactory level or above and non-incentivized efforts meet minimum acceptable levels.

**Achievements**

- *No unplanned incidents/exposures to chemical, biological, physical, electrical, or radiological hazards.*  
 NSTec experienced some minor radiological and electrical incidents during the earlier part of FY 2008. However, with effective corrective actions and more efficient implementation of applicable programs, NSTec showed a marked improvement and the number of unplanned incidents/exposures was brought down to zero. The performance target was met.

- *No Notices of Violation or Administrative Penalties*  
 NSTec did not receive any notices of violations or administrative penalties. The performance target was met.

- *No reportable releases to the environment*  
 NSTec did not experience any reportable releases to the environment. The performance target was met.

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- *Downward or stable trend in the following metrics: Lost Work Day Case Rate (DAFW), Total Recordable Rate (TRC), OSHA Cost Index (OCI), Days Away/Restricted or Transfer Rate (DART).* NSTec experienced a 25% reduction in DAFW, a 29% reduction in TRC and a 45% reduction in DART. Although, NSTec experienced an increased in OCI during FY 08, the index stabilized during the 2nd half of the fiscal year. Overall, the performance target was met.

- *All NEPA reviews and determinations will be completed prior to commencement of any work activities in conjunction with the REOP process.*

NSTec completed all NEPA reviews and determination prior to commencement of any work activities, in conjunction with the NSO REOP process. The performance target was met.

Notable achievements during FY 08 include:

- NSTec submitted a DOE-VPP application in less than two years. This is one year ahead of their original objective.
- NSTec developed and implemented an Electrical Safety Improvement Action Plan, which addresses a series of improvement action focused on electrical safety. Efforts have resulted in significantly reduced electrical events in FY 08
- NSTec received numerous DOE, GSA and FAA awards for excellence in Aviation Safety performance.
- NSTec achieved ISO 14001 certification for their Environmental Management Systems, within two years of contract inception. This is one year ahead of their original objective.
- NSTec obtained ISO 9001 certification for their Quality Assurance Programs
- NTS Fire and Rescue continues to exceed expectations. With a limited staff, they provide fire and rescue services for all of the Nevada Test Site (1350 square miles) as well as regularly responding to traffic and medical emergencies in rural areas surrounding the Nevada Test Site. Their aggressive approach to fighting wild land fires keeps these events from spreading into major emergencies. The high level of expertise and knowledge of NTS Fire & Rescue officers is well known in the DOE Complex. Both the Savannah River Site (SRS) and the Los Alamos Site Office (LASO) requested assist visits by NSTec to provide them with an independent validation and onsite evaluation of their fire department operations.

*Downward or stable trend in the following metrics: Lost Work Day Case Rate (DAFW), Total Recordable Rate (TRC), OSHA Cost Index (OCI), Days Away/Restricted or Transfer Rate (DART).*

The trending for FY 08 was benchmarked in relationship to the first month of the fiscal year and against another DOE site contractor who obtained VPP. A better benchmark is to utilize the previous FY and any NNSA sites which have obtained VPP.

### **Areas Requiring Improvement**

NSTec needs to improve their ability to track the requirements of the many environmental permits they oversee. NSTec's failure to initiate quarterly sampling for xylenes as required by the Safe Drinking Water Act, resulted in the State of Nevada Division of Environmental Protection (NDEP) directing NNSA/NSO to implement changes in their sampling, administrative, and quality assurance programs rather than issuing a Notice of Alleged Violation and/or imposing a civil penalty. These changes will require significant coordination by the NSO Environmental Protection Team (EPT) with NDEP and NSTec to ensure changes are sufficient to meet NDEP's expectations. NSTec's failure to recognize an action level

NSTec PER 10-28-08

had been exceeded and the failure to initiate required quarterly sampling has also resulted in a loss of confidence by NDEP in NSTec and in NNSA/NSO's EPT's ability to provide adequate oversight of its contractors, especially since the violation was detected by the state regulator, twelve months after a violation occurred.

## **OPS08A-20 Security Operations**

### **Introduction**

The contractor provided security services in the areas of Security Operations, Personnel Security, Information Security, Cyber Security, and Secure Network Communications that exceeded the standard of performance established in the PEP. Their initiatives, tasks, and activities were accomplished in a manner that had a substantial, positive impact on the mission of the Nevada Site Office and were accomplished within budgeted costs. All other significant requirements were performed at the satisfactory level or above and non-incentivized efforts meet or exceeded minimum acceptable levels.

### **Achievements**

#### **A. Security Operations**

NSTec ended the year with a 14 percent under run of their fully funded budget of \$2.91M due to aggressive conservation of resources. This exceeds the performance target of a 5percent under run. This under run should provide sufficient funds to take NSTec Security through the first month of the Continuing Resolution and provide funding for some procurements needed in the first quarter of FY 2009.

NSTec absorbed the Foreign Ownership Control & Influence (FOCI) and the Foreign Visits & Assignments (FV&A) programs during this period at no cost to the Site Office.

NSTec provided substantial financial, performance and mission data for input to the first ever NNSA Defense Nuclear Security (NA-70) Baseline Review of the NNSA/NSO safeguards and security program. NA-70 personnel applauded NNSA/NSO on the product and returned to Washington confident that NNSA/NSO has the tools, resources, policies and procedures to effectively operate the safeguards and security program at the Nevada Test Site and offsite locations.

With two weeks less time than last year, NSTec provided timely requirements based budget estimates for the FY 2010-2014 Defense Nuclear Security Field Security Budget Call that included Forms 1A-1F for Budget and Reporting Codes FS2009000 (Program Management) and FS2007000 (Material Control and Accountability [MC&A]). The MC&A group provided excellent and comprehensive data in the Form 3, Over Target, and Form 4, 10% Decrement List, that identified clear rationale and associated impact of these over target and decremented items. In response to a new request by NA-70, NSTec provided budget data for the FY 2010 Topical and Sub-topical Level B&R code description sheets that broke down budget estimates to a more specific level.

All security assessments and surveys resulted in SATISFACTORY ratings. Submission of Corrective Action Plan (CAP) updates were submitted on or before the due deadline date each month. The CAP formats were correct and the CAP action Items (Milestones) were either completed by the due deadline date or a new completion date was provided with a reason for the delay.

## **B. Personnel Operations**

NSTec Security continues to foster a security culture where employees are encouraged to self-report security incidents that would not have been identified otherwise. Additionally, their company on-line publication, the Front Page, publishes security related issues to keep employees informed of new, current and future security related events. NSTec Security hosts an Annual Security Representatives Meeting. This recurring meeting is an invaluable opportunity for these individuals to receive current information on recent changes to processes and procedures. NSTec achieved a 10 percent reduction of their personnel who hold special permits, as well as, successfully taking over the Foreign Ownership Control and Influence (FOCI) program from NSO/AMSS earlier this year at no additional cost to NNSA/NSO.

## **C. Information Security**

Although NSTec began the year with some significant weaknesses, NSTec immediately responded to correct the Classified Matter Protection and Control (CMPC) deficiencies identified in the 2007 HQ Office of Independent Oversight inspection. Limited scope performance tests were conducted to ensure every Accountable Classified Removable Electronic Media (ACREM) custodian was meeting the policy. NSTec developed a NSTec ACREM computer-based refresher training that augments the formal required ACREM training. The training has been completed by each ACREM custodian. NSTec effectively completed the conversion from stand-alone classified systems to all systems on the Nevada Secure Network. All CMPC assessments resulted in SATISFACTORY ratings.

NSTec developed the NNSA-wide mandatory Classification web-based briefing for all Q and L cleared personnel for the Nevada Site Office. Additionally, the NSTec Classification Office provided support to NSO for the Safeguards and Security Periodic Survey.

## **D. Cyber Security**

NSTec cyber security established a self assessment program responsible for annual inspections of the security controls in place for its classified and unclassified information systems. Additionally, NSTec implemented a vulnerability management program regularly scanning all information technology systems for vulnerabilities.

The NSTec unclassified cyber security team provided classified cyber security services to classified information technology users; this was a function provided by WSI on behalf of NSTec until July of this year.

The NSTec cyber security staff increased their level of involvement in providing support of work-for-others information technology projects. Their efforts have resulted in a positive change in direction and priorities with the cyber security risk associated with these projects.

## **E. 2005 DBT – Cancelled**

## **F. Security Network**

Although the NSTec Information Services Division started out slow on the design and delivery of the Nevada Secure Network (NSN), all major milestones toward the Nevada Test Site's first classified network have been met. On September 25, 2008 NSTec delivered a fully functional diskless classified network. This network implements the DOE Secretary's initiative to reduce the department's possession

*NSTec PER 10-28-08*

of accountable classified removable electronic media. All disk-full classified workstations have been successfully converted to a diskless solution or granted approval to operate on a DOE Headquarter waiver. All ACREM has been accounted for and returned to the NNSA/NSO for proper destruction.

As of October 1, 2008, the NSN shares an interconnection to the NNSA complex through the Enterprise Secure Network via the Integrated Cyber Security Initiative (ICSI) connection, the NNSA classified information technology backbone. The interconnection between the NSN and SecureNet will allow NTS users the ability to collaborate with all NNSA sites in a secure and efficient manner.

### **Areas Requiring Improvement**

#### **Personnel Security**

NSTec has taken a firm stance regarding their disciplinary procedures for employees who blatantly violate the prohibited articles policy. While this shows good effort by NSTec Security to set a tone of zero-tolerance, the security group had failed to identify the root cause of these infractions, and continues to treat the symptoms not the cause.

## **OPS08A-21 NTS Materials Control & Accountability (MC&A) Program**

### **Introduction**

The contractor provided security services in the area of MC&A that substantially exceeded the standard of performance established in the PEP. Their initiatives, tasks, and activities were accomplished in a manner that had a substantial, positive impact on the mission of the Nevada Site Office and were accomplished within budgeted costs. All other significant requirements were performed at the satisfactory level or above and non-incentivized efforts meet or exceeded minimum acceptable levels.

### **Achievements**

The MC&A group exceeded requirements for assessment and reporting during the year and, to a greater extent, performance test conduct and results. MC&A performed 10 additional assessments and 459 performance tests beyond their scheduled requirements. The increased testing provided frequent status information of the effectiveness of all aspects of the MC&A program.

Additionally, the MC&A group conducted several tabletop exercises that allowed personnel to react and respond to various simulated events; all individuals performed as required and the “incidents” were satisfactorily resolved in accordance with DOE requirements and NSTec procedures.

MC&A accepted responsibility for the DAF vehicle portal monitor in 2008 and, in December, it became operational. This provided resolution to an outstanding OA finding from 2004 and the open finding has been closed. In addition, NSTec has produced a substantial cost avoidance in the repair rather than replacement of these monitors. NTS has been nationally recognized for the success of the Safeguards First Principals Initiative (SFPI) and their organization has been requested to support SFPI implementation at DOE sites throughout the complex.

### **Areas Requiring Improvement**

None Identified.

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### **Introduction**

Overall, NSTec significantly exceeded expectations through their integration of Nuclear Safety into Engineering Design; development and implementation of a system for quality level grading nuclear facility SSCs; implementation of an NTS site-wide Criticality Safety Program; development and implementation of a nuclear facility safety basis document; implementation of a site-wide USQ process and training/qualification requirement; and implementation of a site-wide readiness review process.

### **Achievements**

#### **A. Integration of Nuclear Safety into Engineering Design**

The NSTec nuclear engineering department provided outstanding service in identifying and integrating nuclear safety requirements into engineering design for Hazard Category 2 and 3 new nuclear facilities or major modifications to existing nuclear facilities. All targets associated with this PO were met, resulting in a process based on DOE O 420.1B. "Facility Safety," and guidance provided in DOE-STD-1189-2006, "Integration of Safety into the Design Process," that ensures nuclear safety is fully integrated into design early in the project and minimizes the potential for significant cost and schedule impacts from changing safety system design requirements late in the project life cycle.

NSTec met or exceeded all agreed upon deliverables identified above with high-quality products in a timely manner for a cost that was \$150K less than planned.

#### **B. Quality Grading of Nuclear Facility Structures, Systems, & Components**

NSTec exceeded expectations in the development and implementation of a system for quality level grading of nuclear facility SSCs based on the importance of the SSCs to safety, mission, and/or operations. NSTec submitted the final closure documentation on 9/2/08. A comprehensive implementation plan (IP), including a work breakdown structure, network diagram, and resource loaded schedule was developed to ensure a project-level approach to achieving this performance objective. The IP addressed the quality grading process that would accomplish binning of Safety Class and Safety Significant Structures, Systems and Components (SSCs) into separate Quality Grades (1 and 2); key performance documents that must be revised to incorporate the quality grade process change; and the training needed to ensure affected nuclear safety personnel are trained on the modified quality grading process.

The graded approach defined in NSTec PD-0001.002, "Quality Assurance Program," was modified in accordance with the PO resulting in the separation of Quality Grades related to Safety-Class and Safety-Significant SSCs. The IP identified three key performance documents: CCD-QA01.001, "Quality Grading," OP-CENG.021, "Functional Classification," and RD-3200.001, "Quality Assurance Requirements Document (QARD)" to be completed by 03/01/08. Two of these documents were revised in accordance with the IP schedule; however, RD-3200.001, Rev. 2, was changed late in the FY with an Expedient Compensatory Measure dated 09/24/08; somewhat behind schedule.

A functional classification training program was developed in response to the third target and provided to select personnel. The training was comprehensive and concluded with an effective performance based

*NSTec PER 10-28-08*

examination. This course was successfully taken by the NSO QA lead and found to be very effective and challenging based on the final performance-based exam.

### **C. Implementation of NTS Criticality Safety Program**

NSTec provided outstanding support in the development and implementation of a criticality safety program resulted in full compliance with DOE Order 420.1B, "Facility Safety." Throughout FY08, NSTec exceeded the standard of performance related to each of the performance targets.

NSTec was proactive in developing and implementing the NTS criticality safety program, often executing well ahead of their schedule commitments. Significant achievements related to this PO include:

- Preparation of a Company Directive describing the elements of a DOE Order 420.1B compliant criticality safety program, enabling NNSA/NSO approval in a timely manner.
- Preparation of an approval request, enabling NNSA/NSO approval of the criticality safety program training requirements in a timely manner.
- Proactive implementation of the NNSA/NSO-approved criticality safety program.
- Formation of a Criticality Safety Review Committee to evaluate proposed DAF activities.
- Staffing of a highly qualified criticality safety oversight support from national laboratories and criticality safety engineers from NSTec parent-company organization. This support allowed NSTec to seamlessly support continuation of DAF operations.

NSTec provided exceptional oversight of DAF fissile material activities throughout the facility transition. NSTec exceeded NSO's expectations related to the preparation of criticality safety program documentation and especially with the selection of a Lead Criticality Safety Engineer to oversee the program's implementation.

### **D. Nuclear Facility Safety Basis Requirements**

National Security Technologies, LLC (NSTec) technical support related to the development and maintenance of nuclear facility safety basis documents was good. NSTec met or exceeded expectations related to their internal safety basis review process and support of the Nevada Site Office (NSO) Nevada Throughput Improvement Initiative Process (NTIP) safety basis effort aimed at improving the cycle-time of safety basis production, review, and approval. These efforts help to ensure safety basis documents are compliant with 10 CFR 830, Subpart B and supporting DOE directives and regulatory standards.

During FY08, numerous safety basis documents were submitted to NSO for review and approval, including new Documented Safety Analyses (DSAs), Technical Safety Requirements (TSRs), Justifications for Continuing Operations (JCOs), annual updates, and change packages to support activities associated with the Area 5 RWMC, DAF, JASPER, and onsite transportation of nuclear materials. Generally, these documents were delivered on schedule and the quality was satisfactory. Early in FY08, NSTec encountered recurring quality issues associated with late-stage deliverables (i.e., final draft and formal approval copies of safety basis documents). Subsequently, NSTec implemented positive changes to better align resources and strengthen their internal quality assurance reviews.

NSTec actively supported the NTIP safety basis effort by evaluating requirements and existing internal processes to address improvements and increase efficiencies in development and implementation of safety

*NSTec PER 10-28-08*

basis documents. NSTec was proactive in evaluating issues and incorporating best practices into their safety basis development and review processes. A high-quality Safety Basis Review Manual was developed in accordance with schedule requirements. The manual provides guidance on the review of nuclear facility safety basis documents prepared by NSTec for activities at the NTS.

### **E. Unreviewed Safety Question Process**

NSTec provided outstanding technical support during the implementation of a single site-wide Unreviewed Safety Question (USQ) process and associated training and qualification efforts. These efforts resulted in a consistent and efficient methodology applicable to all NTS Hazard Category 2 and 3 nuclear facilities.

NSTec revised their existing directive, CD-NENG.019, “*Unreviewed Safety Question Process*,” to implement a single, site-wide process for performing USQ reviews. The quality and level of detail embedded in this directive exceeded NSO’s expectations with respect to implementation of the applicable DOE directives associated with the USQ process. Further, NSTec produced this document one month ahead of schedule.

Five performance targets were specified in the PO: (1) establish a formal agreement between JNPO and NSTec to implement a single site-wide USQ process; (2) develop and document lessons learned and best practices for improving the NTS USQ process; (3) develop and implement a USQ procedure based on DOE G 424.1-1A; (4) develop, implement and assess adequacy of USQ training based upon the new USQ procedure; and (5) perform comprehensive assessments throughout the FY to evaluate the adequacy of the USQ screening and determination of performance. In all cases, the contractor provided high-quality deliverables at least one month before the Performance Target due dates.

### **F. Startup and Restart of Nuclear Facilities**

NSTec provided outstanding technical support during implementation of a site-wide readiness review process that demonstrates hazard category 2 and 3 nuclear facilities are safe to start, or restart, operations.

NSTec developed a high-quality manual, CM-NOPS.001, “*Readiness Review Overview*,” which specifies a site-specific methodology to implement the requirements of DOE Order 425.1C, “*Startup and Restart of Nuclear Facilities*,” and the guidance of DOE-STD-3006-2000, “*Planning and Conduct of Operational Readiness Reviews*.” CM-NOPS.001 exceeded the expectations in implementing the applicable DOE directives regarding startup and restart of nuclear facilities. Further, the contractor produced this document and met other milestones at least one month ahead of schedule.

Four performance targets were specified for this Objective: (1) establish a formal agreement between JNPO and NSTec regarding a single, site-wide readiness review process; (2) integrate the JNPO and NSTec SNR processes; (3) develop and implement a site-wide readiness review procedure conforming to DOE-STD-3006; and (4) develop and implement a guidance manual to ensure high-quality readiness review deliverables. In each of these Performance Targets, NSTec exceeded expectations by producing the required high-quality deliverables in a timely manner (i.e., at least one month before assigned due dates).

**Areas Requiring Improvement**

All responsible organizations need to work effectively across organizational barriers and drive necessary changes to achieve a common goal (e.g., consistency in lower-tier implementing directives).

NSTec should expedite implementation of the new Safety Basis Review Manual to minimize unexpected delays and rework associated with safety basis deliverables. Based on a recent less than adequate JCO development effort, NSTec should standardize development and implementation guidance and requirements to ensure that JCOs are properly developed and approved to efficiently support nuclear facility operations.

<b>PBI</b>	<b>OPS08I-23</b>	<b>On-Site Transportation Safety Basis</b>	<b>Met</b>
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**C. MANAGEMENT BASE**

<b>MGT08A-25</b>	<b>General Management</b>
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**Introduction**

The General Management objective is global in nature and considers activities important to NSO senior management. Performance Objectives were identified for focused evaluation and special attention was given to the performance of the NSTec management team in how they responded to requirements, issues, and strategic initiatives. The overall performance of NSTec’s senior management team during this period was deemed “Good”. NSTec’s performance in some areas was excellent, while other areas will require additional work in the future in order to ensure continued success in serving as the Nevada Test Site’s (NTS) M&O contractor. Fiscal year 2008 was, in some ways, a transformational year for the NTS orchestrated in large part by the NSTec management team. Key highlights for the year include recovery of significant cost and schedule issues associated with the Critical Experiments Facility line item project; transition of all key NTS nuclear and non-nuclear facilities to NSTec management without any impact to programmatic work; design, construction, and authorization of operations of a nuclear facility (Visual Examination and Repackaging Building) within a single year; reduction of overall indirect costs by approximately \$15M, while meeting all major programmatic commitments; acquisition of both ISO 9001 and 14001 certifications; achieving significant growth in various Work-for-Others programs, often resulting in real-time support to critical national security and intelligence operations; and completion of the B-3 Building renovation line item project ahead of schedule and under budget, to name a few. It is significant to note that these accomplishments were achieved without any major safety or security issues. However, as with any contract, there are areas where attention by NSTec’s senior management will be needed to improve their general management performance in FY09. These areas include communication both within the company and with NSO; proactiveness in identifying and presenting potential solutions to emerging issues; streamlining of their overall management structure as one means of sustaining the cost savings achieved in FY08; and continued improvement in the overall quality of deliverables across all programmatic and functional areas. While these are significant issues, they do not invalidate the substantial achievements made by NSTec during FY 08. For their overall performance, NSTec’s management team exceeded NSO expectations.

## **Achievements**

### **Criticality Experiments Facility – Achievements**

NSTec senior management was intimately involved in and highly committed to the success of the Criticality Experiments Facility as evidenced by the following. NSTec management identified the best personnel throughout their organization and assigned them to the CEF Project. The effort, attitude, teamwork, and accomplishments of these individuals were a testament to NSTec's commitment to the success of the project. With this team and the senior management support, NSTec accomplished 16 months worth of work in 12 months. In addition, the Chief Operating Officer held monthly project reviews with the CEF Project Team. These reviews were not just used to review performance but to also identify issues that needed senior management attention. The COO personally monitored the status on resolution of any issues. In another example, the Business Office Manager personally stepped in to assist with the procurement of the material storage racks. This manager continued to monitor the progress of the procurement, and keep the Federal Project Director informed, until the last shipment was received. As a result, the installation of the storage racks and completion of the storage vaults was completed ahead of schedule. The CEF Critical Decision (CD)-3E Independent project Review stated that "This degree of federal and contractor senior management involvement is generally not seen in NNSA projects and is paying dividends on this project."

### **National Security Programs – Achievements**

NSTec management has effectively supported a wide range of activities under the purview of the Assistant Manager for National Security. The Facility Transition project was successfully completed with all facilities turned over to the contractor either on time or ahead of schedule. In one case activities were conducted the morning the transition occurred. The Special Technologies Laboratory has been commended several times for the high quality of their products that have direct application in the Global War on Terrorism. NSTec has demonstrated leadership in the Stockpile Stewardship and Readiness in Technical Base and Facilities (RTBF) budget. Its FY10 budget presentation to NA-10 was one of the few that met all the requirements and it has been very proactive in developing FY09 strategies. NSTec moved expeditiously to obtain the services of recognized experts in the area of concrete and statistical analysis to assist in the resolution of the ongoing issue with DAF concrete. It also obtained the services of a qualified subcontractor to perform the actual testing. Extensive coordination with Security, the Criticality Experiments Facility and DAF were required to ensure the success of this effort, which resulted in a final report being submitted to NSO on September 9, 2008.

### **Safety & Operations – Achievements**

NSTec management has contributed to a number of significant achievements in line item construction projects in FY08. The beryllium abatement and refurbishment of Building B-3 in North Las Vegas was completed ahead of schedule and under budget, and personnel moves from the leased Cheyenne Facility were accomplished with minimal disruption to personnel productivity. The commitment of NSTec senior management greatly assisted in overcoming last-minute challenges and keeping the schedule on track. In addition to the B-3 line item project, the Mercury Highway Project achieved a significant milestone with NSTec's issuance of the Request for Proposal one week ahead of schedule.

NSTec management has also demonstrated excellent cooperation and teamwork with external organizations throughout FY08. The DOE Office of Engineering and Construction Management (OECM)

rated NSTec within the upper 10% of organizations reviewed during their certification review of the Earned Value Management System (EVMS). Strong NSTec management commitment to success was evidenced by the mock review performed by the Parent Organization Oversight Committee prior to the OECM review. In another example of superior cooperation with external organizations, NSTec provided excellent liaison assistance and advice to NSO for discussions with the Southern Nevada Building and Construction Trades Council regarding potential labor unrest.

### **Safeguards & Security – Achievements**

Over the past year, NSTec has expended significant efforts to improve employee awareness of security concerns. Because of the frequency of incidents involving camera cell phones being brought onto the Nevada Test Site (NTS), NSTec installed 3 road signs and 1 large billboard reminding employees and visitors that camera cell phones are not permitted at the NTS. The NSTec Security Office published numerous security related articles in the Front Page, their company newsletter. As a result of these efforts, NSTec employees have shown a significant increase in self-reporting security incidents to include their inadvertently sending unencrypted e-mails containing UCNI and OOU materials, taking cell phones into limited areas, as well as other less frequent problems. NSTec management has taken an aggressive approach in dealing with employees found to be deliberately in possession of camera cell phones at the NTS to include written reprimands, suspensions without pay, and terminations of offenders. Security Office personnel have also ensured that all subcontractors are made aware that foreign nationals may not perform work or make deliveries to the NTS.

### **Environmental Management – Achievements**

NSTec improved their ability to meet NSO's goals by being more proactive and innovative regarding their work on the Environmental Restoration Project. NSTec ER took an innovative approach to the first SAFER Plan for the Soils Sub-Project. It is anticipated that NDEP will approve this document without significant comments. This will allow the first Soils Sub-Project sites to be closed in accordance with the FFACO process. NSTec showed flexibility and resilience in dealing with multiple sets of comments on this document and in the end produced a product that effectively communicates highly technical concepts.

In addition, NSTec's has shown significant improvement in collaboratively working with NSO and other contractors throughout EM. This is reflected in the following examples: NSTec ER worked closely with NSO and SNJV on the Industrial Sites Sub-Project to prioritize remaining FY08 fieldwork using EM and DP funding sources, then processed Baseline Change Requests to align funding between SNJV and NSTec to maximize the amount of work completed and minimize impacts to regulatory milestones. Additionally, NSTec worked closely with NSO and SNJV to cut costs, improve safety, and ensure the best technical solutions were implemented at CAU 117. This was accomplished through participation in detailed work planning and coordination, including key tasks such as the removal of leaded glass windows in such a way as to allow for their reuse. Lastly, NSTec made an internal business decision to obtain certification of its Environmental Management System (EMS) through the International Organization for Standardization (ISO) by meeting the requirements of the 17 elements of the ISO 14001 Standard. NSTec was able to achieve this significant milestone one year ahead of schedule. This was a company-wide effort, spearheaded by Senior Management. Senior Management has been actively involved in monthly reviews of the EMS. In addition, NSTec has invited NNSA/NSO to participate in the EMS monthly reviews. This collaborative approach has ensured DOE Order 450.1A requirements are being met.

*NSTec PER 10-28-08*

NSTec's problem solving skills were used effectively when the M&O suffered poor performance in the area of work planning and control. During the later half of FY08, NSTec enhanced the quality of the work planning walkdowns, developed more rigorous work packages, and brought in a work control Subject Matter Expert to coach field personnel on implementing the more rigorous requirements. Additionally, NSTec ER instituted the use of more mock ups to ensure complete hazard identification and identify potential process improvements prior to starting radiological work. As a result of the implemented improvements, NSTec ER has experienced an overall improvement in the work control process and in turn has improved their safety record.

NSTec senior management demonstrated intimate involvement and high commitment to the success of several Waste Management initiatives. The NSTec Environmental Management Director was personally involved in assisting INL dispose of its high activity LLW two (2) months ahead of schedule. The success of the TRU sub-project is attributed to the EM Director and his involvement in the TRU project. He conducted weekly meetings with the appropriate personnel and their management throughout the phases of the TRU Project to constantly manage critical path items, maintain the integrated project schedule, and update DOE on all aspects of the project. The Director's involvement enabled the TRU Sub-Project to meet most of the goals for this calendar year. The effort, attitude, teamwork, and accomplishments of this individual are a testament to NSTec's commitment to the success of the Waste Management Project.

Throughout the Fiscal Year (FY), the contractor had to plan its disposal activities with an ever changing LLW Forecast. At mid-year, it seemed the NTS generators were going to ship waste volumes that would meet the contractor's 1.5 million ft<sup>3</sup> incentive volume. It also appeared that the 125,000 ft<sup>3</sup> monthly disposal ceiling would be exceeded from May through September. As a result, NSTec conceived, organize, and executed a weekly conference call designed to meet the generator's disposal demands by shipping their waste streams to arrive on traditionally slow days of the week and to package those waste streams in containers that were easier for NSTec to off-load and dispose. This outstanding effort resulted in the contractor being able to receive the remaining FY's disposal volume without requiring the need to charge the NTS generators any extra service fees.

### **Business/Financial Management – Achievements**

On the business side, NSTec's performance continued strong in the areas of property management, supply chain management, prime contract management, and human resources management. NSTec also continued to demonstrate strong performance in their financial reporting and other CFO deliverables. Significant improvements were achieved in procurement management. The effort and teamwork displayed by the NSTec procurement personnel during the fiscal year was excellent. This performance has made it possible for all Nevada Site Office projects to benefit from an accelerated procurement process.

The contractor achieved a reduction of approximately \$15.0M in indirect cost resulting in a more competitive organization and positioning the NTS for future growth. NSTec management worked in unison to achieve verifiable cost reductions in the indirect cost accounts without negatively impacting near term support of the NSO.

### **Legal – Achievements**

NSTec's General Counsel's Office provided exemplary legal services throughout the year, including accomplishments beyond normal expectations such as: superb expertise and coordination in the development of a creative NSTec Workforce Restructuring Plan, which became a model for others in NNSA and the implementation of which resulted in no litigation following both involuntary and voluntary separations; extremely effective handling of Workman's Compensation cases and contractor litigation, including very cost effective alternative dispute resolution when appropriate; intensive research of voluminous historical litigation and Workman's Compensation records and costs, resulting in NSTec's development of a comprehensive and timely NSO response to a DOE IG complex-wide inquiry in an extremely short timeframe.

### **Public Affairs – Achievements**

NSTec Public Affairs and community Relations exceeded the standard of performance established for the Performance Objectives identified despite a tumultuous year. With a severe reduction in staff levels and key staff members moving to the corporate world, the remaining staff has continued to meet, and in many cases, exceed expectations. Emergency Management ERO requirements, Speakers Bureau, Science Bowl, and Tours were accomplished in a manner that has a substantial, positive impact on the mission of the Nevada Site Office. All other significant requirements were performed at the satisfactory level.

The contractor provided exceptional support and results to the Office of Public Affairs in the area of Emergency Response in support of the ERO. All training qualifications for JIC members was achieved ahead of schedule, and associated documentation was also delivered ahead of schedule. In addition, NSTec support directly led to the JIC organization having no findings during the RoadRunner 08 Exercise.

NSTec delivered a high-quality NNSA Speaker's Bureau Resource binder (which contains program history, orientation, public speaking fundamentals, the NTS Overview PowerPoint presentation and select fact sheets. This effort was identified as a Public Affairs "stretch" item. As well, another identified "stretch" item delivered was the DOE Regional Science Bowl tabletop training. Both products were of high quality and were delivered ahead of schedule.

The NSTec Tour coordinator is to be commended for the extremely high degree of quality work delivered. This individual has assumed the workload of two FTE's and has maintained high levels of customer satisfaction, handled a multitude of complex tour/protocol events, and has done so with no letdown in the service to the varying NSO customers.

A new Science Bowl Coordinator picked up the reins and assured that the 2008 Science bowl was completed as required. In the months following the competition the Coordinator has identified and implemented a number of efficiencies that have proven to save scarce Science Bowl budget dollars. The effort on the part of the coordinator and the innovativeness is outstanding.

### **General Management – Areas Requiring Improvement**

NSTec needs to improve communications, both within NSTec and with NSO counterparts. In one instance, internal communication problems caused delays in support for the Energy Savings Performance Contract Delivery Order 2, resulting in a yellow rating by the Service Center for the NNSA Sites S-1

*NSTec PER 10-28-08*

Initiative Status Report. The delays required NSO to take formal Contracting Officer action to resolve the issues. In another example, NSTec has not promoted teamwork with NSO counterparts by failing to notify affected Facility Representatives of management reviews. This is a recurring issue that has been previously raised, but corrective actions do not appear to have been effective. There also appears to be internal communication issues between NSTec project managers; information tends to flow up to NSTec senior managers but often not horizontally. There has also been a lack of timely and open communication between the NSTec project managers and the Federal program managers. This has resulted in duplication of effort and project results that were less than satisfactory. Documentation of project findings has been of a lower quality than expected considering the experience level of the contractor. NSTec has not managed cost estimates in a manner that would make the complex more competitive nor has NSTec developed a long-term strategic focus in the area of subcontract management and continues to support sole-source requirements in lieu of competitive proposals.

There is a need for a more proactive approach to technical decision making during the FFACO closure process to ensure that what is presented to the regulators is correct and implementable the first time, thus eliminating the need for technical changes after agreement has been reached with the regulators. In addition, NSTec needs to improve the quality and realism of project schedules. NSTec needs to ensure schedules for regulatory milestones are effectively planned and managed, and ensure schedule issues are clearly communicated to NSO well in advance of deadlines.

While NSTec achieved a \$15M indirect cost reduction from FY 2007 to FY 2008, overall indirect rate management resulted in an over-collection of indirect costs of approximately \$13M. This over-collection of cost was refunded back to NSTec programs and in 6 areas the refunded amount exceeded 10% of the total FY 2008 cost, which does not meet NNSA expectations.

Several areas have required additional attention, which management has effectively addressed. Deadlines for submittal of portions of the JASPER DSA were missed, but corrective action has been taken to resolve this issue. Additional emphasis has been placed on preparation for conducting Nuclear Explosive Operations at the DAF and this activity is now on the path to success. Additional emphasis has been placed on the DAF Fire Suppression project and this work is now on track to meet its deliverables.

After a series of incidents at Gate 260 involving NSTec vehicles with Nitrate residue on them, a corrective action plan was developed and implemented by NSTec to address the recurring interruption of operations on-site. Incidents have continued to occur on a frequent basis. Last month, an NSTec employee that had been working at the BEEF Facility the day before was directed to deliver some materials to the DAF. His gloves and boots were contaminated with explosives residue as well as the vehicle that he had used at the BEEF facility the day before. In addition, the vehicle was clearly marked as one that was used to handle explosives. Recently, three NSTec vehicles were presented for DAF access with each providing a detection of Nitrates. These vehicles arrived at Station 260 within 2 ½ hours of each other on the same morning. Failure to ensure full compliance with the NSTec developed corrective action plan has a direct and significant cost and schedule impact on all NTS programs, as well as having an impact on the transit time of our neighbors using NTS for access to their facilities.

### **Introduction**

Overall, NSTec provided good performance toward integrating and improving facility management databases. NSTec completed milestones 1 through 7 to integrate facility databases, with Item 3 being removed through change control. Milestone 8 remains incomplete at the close of FY08. The database support contract proposal was submitted within the FY but is being evaluated by NSO Procurement before award. NSTec submitted a Quality Assurance Plan on September 30, 2008. NSO considers the plan adequate but requiring additional clarification of the process.

### **Achievements**

NSTec achieved the objective by accomplishing the following milestones:

1. NSTec implemented a Standard Nomenclature for facility related data resulting in improved data consistency and reporting. NSTec created a supporting company directive to implement the changes.
2. NSTec's progress toward improving facility data quality was demonstrated through NSTec's achievement of "Green" status and "Green" progress ratings for the annual FIMS Validation.
3. This milestone (Project database) was cancelled through change control.
4. NSO observed that eFOM data has been integrated into the Facility Data Warehouse (FDW) and is available for general use.
5. NSO observed that the Facility and Infrastructure Assessment (FIA) survey has been integrated into e-FOM and the Facility Data Warehouse.
6. NSO observed that the FIA data is being updated in coordination with standard facility condition assessments.
7. NSO received status briefings regarding the development status of the eFOM. The eFOM is functioning and has been made available for use on a production server. Notable improvements are the integration of Support Execution Plans into eFOM and the addition of a data audit trail.
8. NSO was briefed on progress made to the FDW and development has been completed to the extent possible with the resources made available during FY08. A significant improvement made during FY08 was the linkage of MAXIMO data to the COBRA financial system resulting in an improved calculation for labor charges.

### **Areas Requiring Improvement**

NSTec submitted a Quality Assurance Plan on September 30, 2008. NSO considers the plan adequate but requiring additional clarification of processes, which is reflected in the slight drop in the year-end PO score.

## **MGT08A-28 Cost Estimating**

### **Introduction**

NSTec has made substantial improvements in cost estimating. In the course of validating these improvements, NSTec has also identified further improvements which they will continue to make in future estimates. NSTec has established metrics by which to evaluate the quality of future estimates.

### **Achievements**

NSTec's year-long assessment validated the improvements in cost estimating which were detailed in three comprehensive reports as follows:

- Management Assessment Report MA-08-V220-001, "Quarter 1 Cost Estimating Management Assessment," dated 03/28/2008 which evaluated estimating for subcontract construction, evaluated the implementation of new estimating software, validated the requirement for estimate updates at milestones, and revised the kickoff meeting requirements.
- Management Assessment Report MA-08-V220-002, "Quarter 2 Cost Estimating Management Assessment," dated 06/30/2008 which specifically evaluated the accuracy of the estimates for 24 capital projects and 122 services projects.
- Management Assessment Report MA-08-V220-003, "Quarter 3 Cost Estimating Management Assessment," dated 09/26/2008 which validated that the fundamental elements of estimate preparation are performed in an appropriate manner and identified additional cost estimating initiatives beyond the PO performance targets

These reports exceeded all targets for this Performance Objective. The assessments ensured that the recommendations of FY07 were fully implemented in FY08.

NSTec also fully implemented the advanced WINEST cost estimating software. Additionally NSTec provided excellent support including hosting a meeting for the NNSA complex wide effort to develop a cost estimating handbook.

### **Areas Requiring Improvement**

None identified.

## **MGT08A-29 Contractor Assurance Systems**

### **Introduction**

NSTec made steady, measureable improvements in the Contractor Assurance System throughout the year and met the key NNSA/HQ milestone of populating the NNSA/HQ LOCAS Portal by the end of the performance period.

## **Achievements**

NSTec has made significant improvements in their Contractor Assurance System by completing a formal description document consistent with DOE O 226.1A. This document meets and in some cases exceeds the requirements of various applicable DOE and NSO Directives.

Transparency for Federal Line Oversight has been established and is improving through the LOCAS Reporting Website and will be further enhanced with the LOCAS Portal. NSTec met the NNSA/HQ Complex-wide milestone of defining and posting the initial metric set that will interface with the NNSA HQ LOCAS Metric Portal. These were approved for posting and were loaded to the NNSA LOCAS Homepage with the intent to implement in FY09.

NSTec continues to aggressively manage the cycle time for critiques, Root Cause Analysis, and Causal Analysis. The cycle time to complete critiques has significantly decreased from an average of 35 days to 7 days. The average cycle time to complete a Causal Analysis decreased from 52 days to 20 days.

NSTec has implemented procedures to improve the cycle time for PAAA/WSH screening. Screenings are now completed within a 15 day average with no outliers in accordance with DOE Office of Enforcement guidelines.

NSTec achieved certification to the ISO 9001 and 14001 quality standards. These certifications will help accelerate CAS in FY09 and beyond by giving NSO confidence to move from transactional oversight to systems oversight.

## **Areas Requiring Improvement**

The schedule of Management Self Assessments (MSA) changes too frequently. NSO is unable to rely on the MSA schedule to be able to plan shadowing assessments. In contrast, the Independent Assessment Schedule is much more stable and can be relied upon.

### III. STRETCH PERFORMANCE MEASURES

Based on the achievement of an aggregate score above 85% on the Base Performance Measures, NSTec is eligible to earn stretch fee. The following is a summary of NSTec's performance against the FY08 Stretch Performance Measures.

#### A. MISSION STRETCH

<b>PBI</b>	<b>MIS08I-02</b>	<b>Readiness In Technical Base &amp; Facilities Efficiencies</b>	<b>Met</b>
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<b>MIS08A-05</b>	<b>National Security Response Program – Stretch</b>
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#### Introduction

NSTec's performance under this measure was outstanding and the goals of the performance objective have been far exceeded. The contractor's achievements under this measure have led to the proposed establishment of the RSL as the headquarters for the National Aerial Measuring System Reachback (NAMSR) Center. This should provide a focus of analysis of aerial surveillance data for decision makers and state authorities.

#### Achievements

The intent of this stretch goal was to have the Remote Sensing Laboratory successfully form and conduct an operational test of the Aerial Measuring System home Team (AMS HT). NSTec fully accomplished this stretch goal. Each of the requirements were met; the plans for the AMS HT were approved by NNSO/NSO, and the concept was tested successfully as noted below.

The AMS Reachback Center Concepts of Operations was submitted to NNSA/NSO on March 14, 2008. The AMS Reachback Center Callout/Activation procedure was submitted to NNSA/NSO in July 2008. The plans were reviewed and accepted by NSO.

Using this Concept of Operation, the AMS HT provided training for four different law enforcement agencies on how to conduct an aerial surveillance mission and establish communication with RSL-AMS through NNSA. The concept was also successfully tested in the DHS DNDO aerial surveillance test during July 2008.

The final report of the Home Team Reachback concept was submitted to NNSA/NSO in September 2008, completing the requirements of this stretch goal.

#### Areas Requiring Improvement

None identified.

**MIS08A-08 Criticality Experiments Facility – Stretch**

**Introduction**

NSTec did an outstanding job of coordinating with the national laboratories and executing the construction work in order to accelerate the delivery of the critical assembly machines to the NTS. Due to this exceptional effort, the CEF Project will be able to relocate the critical assembly machines from Los Alamos to the NTS six months earlier than originally planned.

**Achievements**

NSTec aggressively worked with the Federal Project Director to realign the construction to incorporate efficiencies into the execution of the work. This realignment required substantial coordination with LANL, LLNL, and WSI to ensure that all organizations could support the objective of accelerating the relocation of the critical assembly machines. Following the realignment of the schedule, NSTec did a magnificent job in executing the work. As a result, NSTec performed 16 months worth of work in 12 months. This is clearly evident in that NSTec improved the cumulative Schedule Performance Index (SPI) from 0.92 at the beginning of FY 2008 to 1.04 at the end of September. The excellent performance is further supported in that NSTec continues to perform the work under budget as evidenced by a cumulative Cost Performance Index (CPI) of 1.01.

The effort, attitude, teamwork, and pride displayed by the NSTec personnel during the year was exceptional. The outstanding performance by NSTec has made it possible for the CEF Project to relocate the critical assembly machines from Los Alamos to the NTS six months earlier than originally planned. The NSTec team’s accomplishments far exceeded expectations.

**Areas Requiring Improvement**

None identified.

<b>PBI</b>	<b>MIS08I-10 Completion of the TRU Project – STRETCH</b>	<b>Not Met</b>
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**B. OPERATIONS STRETCH**

<b>PBI</b>	<b>OPS08I-13 Facilities &amp; Infrastructure – Unneeded Materials &amp; Chemicals – STRETCH</b>	<b>Met</b>
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**OPS08A-24 DAF Fire Suppression System – STRETCH**

**Introduction**

NSTec provided good support to the Fire Suppression System Reliability Study, and this effort further supports the future Nuclear Explosive Operations at the DAF. NSTec completed several tasks that are listed in the PO towards the final recommendation. The completed tasks have had a positive impact towards meeting the delivery date promised by NSO to DOE/HQ.

**Achievements**

NSTec did not submit the final recommendation by September 30, 2008; however NSTec showed good faith in completing the field work for five of the six tasks identified in the PO. The one task remaining is the Reliability Analysis (identified as task f.). The Reliability Analysis delivery date was modified per NSO approval to a date of November 19, 2008. NSTec did complete the following tasks as described in the PEP and listed as tasks in the PO:

- a. The hydraulic calculations of the concerned buildings were completed in September 2008, and a formal letter was sent to NSO describing the results was used as validation.
- b. The Fire Suppression System Lead-ins evaluation (including the flushing analysis) was completed in September. The NSO FPD was on site to validate the completion of the task.
- c. The Flow Testing was completed in September 2008, and a report was issued to NSO as the validation mechanism.
- d. The Coal-Tar Study field work was completed in September 2008. The instrumentation data collected was taken to be analyzed, and a report is due October 30, 2008. The NSO FPD was on site to validate the completion of the task.
- e. The evaluation of the Firewater Tank was not completed before September 30, 2008; it was completed October 6, 2008.
- f. The Reliability Analysis was not completed before September 30, 2008. The Reliability Analysis delivery date was modified upon approval by NSO with a new date of November 19, 2008. The new date was established due to the NSO request for additional scope to be included in the Reliability Analysis.

**Areas Requiring Improvement**

The procurement process for the subcontractor work was cumbersome and could be improved. The responsiveness of NSTec regarding the importance of the FSSR was less than optimal.

**C. MANAGEMENT STRETCH**

**MGT08A-26 Cost Reductions – STRETCH**

**Introduction**

This measure required the contractor to achieve verifiable cost reductions of up to \$15.0M while maintaining adequate service levels and compliance with Cost Accounting Standards. The fee to be paid under this measure is commensurate with the savings actually achieved.

**Achievements**

The NNSA Field Chief Financial Officer validated that NSTec achieved cost savings of \$15,005,818. This accomplishment resulting in the award of 100% of the fee associated with this measure.

**Areas Requiring Improvement**

None Reported.

#### IV. MULTI-SITE PERFORMANCE MEASURES

<b>MULT08I-32 – NA-10 Incentives</b>		
32.1	Continue to Deliver our Products for DOD on Time Per Production & Planning Directive.	Met
32.2	Remove 11 Metric Tones of SNM from NNSA Sites.	Met
32.3	Support completion of the Final Complex Transformation Supplemental Programmatic Environmental Impact Statement (SPEIS).	Met
32.4	Implement RMI Project Execution Plan, Rev 2	Met
<b>MULT08I-33 – Information Resources Management</b>		Met
<b>MULT08I-34 – NNSA Supply Chain Management Center</b>		Met

## V. AWARD TERM PERFORMANCE MEASURES

### ATI08-35 – Complex Transformation Implementation Activities

**Achievements:** Exceeded Expectations

NSTec has done an outstanding job in representing the interests of the NTS throughout this year as well as presenting alternatives for consideration. Personnel have actively participated in meetings and document reviews. They have consistently pointed out errors and inaccuracies in the documents and provided changes. NSTec personnel took a proactive role in hosting a meeting to examine alternatives for pit production and have developed proposals for a Pu-238 mission. NSTec personnel have prepared several Strategic Papers on consolidation to address the issue of encroachment at various sites and effective use of nuclear facilities. The latter identified potential cost avoidance of over \$2 billion through the use of existing facilities.

### ATI08-36 – Work-for-Others Performance

**Achievements:** Exceeded Expectations

NSTec continued to demonstrate outstanding performance in the development, testing, and deployment of unique technologies and assets in the domestic and global war on terrorism., nuclear proliferation, counterterrorism, and Nonproliferation.

RSL deployed timely assets supporting numerous real-world events, national special security events, and major exercises, both domestically and abroad. NSTec continued to execute dispersion testing and response training at the Nonproliferation Test and Evaluation Complex that cannot be accomplished anywhere else (such as the Black Widow series and the Wolverine Test), with a high level of customer satisfaction. STL has continuously exceeded the expectations of their Intelligence Work for Others customers, while maintaining an average increase in direct work of 10% since 2002. The lab continues to successfully meet complex technical challenges and specialized end-user needs in support of the intelligence community and counterterrorism effort. This phenomenal success in growth is largely attributed to STL management's extraordinary vision and representation of the lab's capabilities and relationship building efforts with their customer base. Also noteworthy is the exceptional dedication and focus of the STL staff in providing timely, innovative solutions to their customers' problems. Throughout the year STL has consistently received the highest level customer satisfaction ratings on their Work for Others Sponsor Satisfaction Surveys completed by other government agencies.

### ATI08-38 – E-Commerce Implementation

**Achievements:** Exceeded Expectations

During FY08, NSTec's performance in the area of E-Commerce Implementation significantly exceeded our expectations. The purpose of this award-term measure was to have the contractor demonstrate their commitment to supporting NNSA and the Supply Chain Management Center (SCMC) e-commerce goals

*NSTec PER 10-28-08*

through its utilization of the Ariba e-Sourcing tool. This included the completion of a minimum number of procurement events to be accomplished through the utilization of both Reverse Auction and Sealed Bid procurement methods as well as the implementation of best practices and training on the use of e-Sourcing tools. NSTec initiated and accelerated e-Sourcing initiatives that resulted in their ability to not only meet but far exceed expectations for the year.

NSTec's use of the e-Sourcing tool far surpassed expectations of 12 procurement event by completing 32 events. Of the events conducted during FY08, 23 events were awarded during the year with a value of approximately \$17.5M. Completion of all 32 e-Sourcing events conducted in FY08 is expected to result in estimated total awards of approximately \$81.2M. NSTec's use of the e-sourcing tools resulted in more than \$1.6M in awarded savings in FY08.

NSTec Procurement has taken steps to institutionalize eSourcing into their overall business practices. Significant training has taken place and NSTec has worked to ensure buyers, suppliers, and internal customers were educated on the use and extensive benefits of the e-Sourcing tool. Resources were also identified and dedicated for training and support to gather and return information regarding best practices from other NNSA sites. As of the end of the year, more than 60% of the NSTec buying staff had conducted events. Additionally, NSTec Procurement personnel have been trained to serve as knowledge and technical resources to NSTec staff and suppliers for the e-sourcing tool.